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occurring during that nine-month period. It was suggested that the Department use CPI-U figures from July 1 because they are more recent. The Department rejected that suggestion because the date of issuance for the July CPI-U fluctuates and if publication is not timely, rate setting could be delayed. Some speakers criticized using the CPI-U to calculate limits on wages payable by ICF/MRs. The CPI-U does not measure changes in wages, but wage changes are reflected in changes in the cost of goods and there is a correlation between the two. Dr. Bjork noted that wage increases often exceed CPI-U figures and that wage increases in the health care industry have been one and one-half to two times greater than the percentage changes occurring in the CPI-U. The Department rejected using a different index to measure wage changes because it is concerned with the rate at which wages have risen and has determined that such wage increases should be limited. For the reasons stated, it is concluded that using the CPI-U index to limit increases in costs during the rate year is necessary and reasonable as proposed.

136. Using the CPI-U to limit increases in salaries was also criticized from another angle. Clyde Johnson noted, for example, that percentage limitations are inherently unfair to providers who have lower per diem rates and generally lower salary scales. He noted that these are typically older facilities who were paying lower salaries than those generally paid in the industry at the time CPI-U limitations were first enacted. He concluded that they will never be able to raise the salaries of their employees to the levels generally prevailing in the industry. Such "equity adjustments" would be disallowed due to the CPI-U limitation. The ability to retain qualified personnel and to pay them at prevailing wage levels is important to the industry. Some relief may be available as a result of the Department's amendment to subpart 1, item A(2). That amendment exempted program costs from the requirement that allowable historical operating costs in each operating cost category not exceed the respective operating cost rate in effect during the reporting year. However, the Department may wish to consider other forms of relief. It could enact a waiver provision under which the Department would review requests for equity adjustments, or it could permit facilities whose operating costs are below the median calculated to use some of the operating cost savings they have achieved for salary purposes. While salaries comprise a major portion of ICF/MR costs, it does not follow that any salary adjustments in excess of the CPI-U limitations would be inappropriate or unnecessary. Facilities should be able to make salary adjustments or "equity adjustments" when necessary to provide employees with a prevailing wage, to comply with minimum wage laws or in order to retain employees.

In its post-hearing comments, the Department proposed an amendment to item A to exempt the allowable certified audit cost per diems calculated under subpart 1, item E from the CPI-U adjustment. The rule, as amended, is necessary and reasonable and the amendment made does not constitute a substantial change for purposes of Minn. Rule 1400.1100 (1985).

9553.0050, subp. 2, item E.

137. If a facility's total operating costs for the reporting year, excluding special operating costs, are less than the sum of the limits computed in subpart 1, item A, subitem (2), the facility is entitled to receive the difference divided by the greater of resident days or 85% of capacity days as an efficiency incentive, but the maximum amount that can be received is limited to \$2 per resident per day. This allowance is not

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available to facilities whose program allowable historical operating costs during the reporting year are below the program historical operating cost limit. That is, if the costs incurred in the program area are less than the costs allowed in its rate for the reporting period, the efficiency incentive is not allowed. The purpose of the incentive is to reward facilities who channel cost savings in the reporting year into the program area. The Department proposed an amendment to this item to ensure that nonallowable costs are not reimbursed through the efficiency incentive and to make it clear that they have to be included in the calculation. This item is necessary and reasonable as amended for the reasons stated by the Department and the amendment made does not constitute a substantial change for purposes of Minn. Rule 1400.1100 (1985).

9553.0050, subp. 3, One-time Adjustment to Program Operating Cost Payment Rates.

138. Many ICF/MRs were developed in the period from 1970 to 1977. The individuals they served were moderately or mildly retarded and required minimum levels of care. However, over the years, the type of residents served has changed dramatically. This change was due, in part, to the Consent Decree originally issued in Welsch v. Likins, 373 Fed. Supp. 487 (D.Minn. 1974), wherein the Federal District Court for Minnesota required that the state provide mentally retarded residents in state hospitals with the least restrictive care alternatives possible. To comply with the Consent Decree, as amended through the years, the types of residents served by ICF/MRs has changed, and ICF/MRs are now faced with the necessity of caring for severely or profoundly retarded individuals some of whom have medical disabilities or pronounced behavior problems. To serve the more severely retarded population being transferred from state hospitals, and to provide the special services needed by those residents who suffer from behavior problems or other medical disabilities, ICF/MRs are faced with the necessity of hiring additional staff persons or persons with better training. Walter Baldus noted, for example, that facilities may be required to hire qualified mental retardation professionals, to hire additional staff and to hire professionals in occupational therapy, physical therapy and psychology. The one-time rate adjustment proposed by the Department in subpart 3 was designed to address those problems. It permitted a one-time adjustment to a facility's program operating cost payment rate when the Commissioner issued an Order requiring the facility to correct a deficiency in the number or types of program staff necessary to implement individual resident habilitation plans. The original rule was criticized by a number of individuals. For example, Emil Angelica and Sue Abderholden of the Association of Retarded Citizens (ARC) of Minnesota noted that the original rule did not effectively address an ICF/MR's ability to adapt its program staff to meet the needs of the new kinds of residents coming into those facilities. Since the proposed rule only provided for a program adjustment when a deficiency was cited by the Commissioner, ARC representatives noted that a facility would either have to take an individual whose needs could not be met within their program rate and absorb the additional costs involved; or take the individual, not meet their needs, and wait until a deficiency was cited in order to get the funds to meet those needs. They noted that the facility would either have costs which would never be recovered or the individual's needs would not be met. Based on these and other similar comments, the Department has proposed to amend item A of this subpart to read as follows:

A. The commissioner shall allow a one-time adjustment to a facility's program operating cost payment rate when the commissioner or the commissioner of health has issued an order to the facility under parts 9525.0210 to 9525.0430 or parts 4665.0100 to 4665.9900; or when the federal government has issued a deficiency order under 42 C.F.R., section 442 requiring the facility to correct a deficiency in the number or type of program staff necessary to implement individual resident habilitation plans; or when the commissioner has determined a need exists based on a need redetermination plan approved pursuant to Minnesota Statutes 252.28 and rule parts 9525.0015 to 9525.0145 (emergency) provided that:

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139. ICF/MRs are licensed either as Class A or Class B residences depending on the self-preservation skills of their occupants. Class B facilities generally serve more dependent populations. Luther A. Granquist, counsel for Legal Advocacy for Developmentally Disabled Persons in Minnesota, criticized the language permitting only a "one-time" adjustment. In his view, adjustments should be permitted whenever necessary. The quoted language does not mean that only one adjustment can be made. On the contrary, the Department's SNR (p. 49) indicates that those words apply to the number of adjustments that can be made for each deficiency. In other words, if there are two deficiencies two "one-time" adjustments may be made. The quoted words were used because once rates are adjusted, the historical cost base for the next reporting year is adjusted if the monies are actually spent for the specified purpose. Therefore, one cost adjustment for each deficiency is all that is necessary. Mr. Granquist's comments actually go to item G of this subpart which, as originally proposed, authorized such one-time adjustments only once for each facility. The Department now proposes to amend item G to limit the adjustments that can be made to one in a three-year period. The Department has determined that more than one adjustment in a three-year period will not be necessary because the Department has amended parts 9510.0120 to 9510.1140 (Rule 186) to allow the special needs rate to cover a period of three years. That change coupled with the amendments proposed to subpart 3 will enable providers to meet changing program needs.

The Department proposed several other technical amendments to subpart 3 as a result of the major amendment discussed above. None of the amendments made constitute substantial changes for purposes of Minn. Rule 1400.1100 (1985). Although Ms. Martin still feels that the scope of the rule should be expanded, subpart 3, as amended, is necessary and reasonable.

## DETERMINATION OF THE SPECIAL OPERATING COST PAYMENT RATE

### 9553.0051, Special Operating Cost Payment Rate.

140. Due to the changes made in part 9553.0040 and other portions of the rule, it is necessary to adopt procedures for calculating the special operating cost payment rate. The new procedures are contained in part 9553.0051. It provides that the total allowable costs in part 9553.0040, subp. 6, as adjusted by part 9553.0041, subp. 16, must be divided by the

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greater of resident days or 85% of licensed capacity days to compute the special operating cost payment rates. The calculation proposed is consistent with the amendments suggested by public commentators and the methodology used to compute the payment rate is consistent with the methodology applied to other cost categories. Therefore, it is concluded that this language is necessary and reasonable and that it does not constitute a substantial change for purposes of Minn. Rule 1400.1100 (1985).

## DETERMINATION OF PROPERTY RELATED PAYMENT RATE

### 9553.0060, subp. 1, Depreciation.

141. Allowable depreciation expenses under the rule are governed by subpart 1 of this part. Under item A, and subject to some limitations discussed below, the historical cost of a facility's capital assets must be used as the basis for calculating depreciation. The historical cost of donations between a provider and a related organization is the net book value of the capital asset to the donor. A donated capital asset is one acquired by the facility without the payment of cash, property or services. Depreciation is not allowed on capital assets or portions of capital assets purchased with federal, state or local appropriations or grants unless repayment is required from the facility's revenues. The historical cost of capital assets must be increased by the costs of additions or replacements that are required to be capitalized. The increased depreciation expense resulting from the capitalization of additions or replacements must be recognized in the calculation of the payment rate following the reporting year in which the cost was incurred, without regard to the date when the asset was purchased. However, increased depreciation expense can only be claimed from the point construction was completed or the capital asset was replaced. These provisions are necessary and reasonable as proposed.

### 9553.0060, subp. 1, item A, subitem (5)

142. Under item A(5), initial accumulated depreciation on used capital assets of providers entering the Medical Assistance program after December 31, 1983 must be calculated using a useful life schedule set forth in the rule, starting from the later of the date of completion of construction or the time of purchase by the current owner. However, the initial accumulated depreciation on such capital assets cannot exceed 50% of their historical capital costs. The meaning and purpose of this section is unclear. The Department's SNR (p. 53) states that this rule is necessary to clarify how the accumulated depreciation on used assets will be determined so that the remaining depreciation to be included in the reimbursement rate can be calculated. According to the SNR, limiting the accumulated depreciation to 50% of the historical capital cost is a reasonable way to make sure that the provider is able to receive some depreciation on a used asset to compensate him or her for the cost of that asset. The Department's explanation does not establish the need and reasonableness of the rule proposed with an affirmative presentation of facts or understandable policy decisions. It was not shown why the purchase of used capital assets by providers who entered the Medical Assistance program after December 31, 1983 should be treated differently than the purchase of used capital assets made by providers entering the program prior to December 31, 1983. For example, if they both purchase the same used

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asset in 1986, why should the basis used be different? Moreover, if the Department is intending to look only at capital assets initially acquired at the time a provider enters the Medical Assistance program, there is no reason why assets should be valued differently upon initial entry than they would be if they were acquired at some later date. Since there is no explanation why the cost of a used item should not be fully depreciable by facilities entering Medical Assistance program after December 31, 1983, this item is not necessary and reasonable. The Department may be attempting to limit the amount of depreciation allowable on assets that were previously depreciated under the Medical Assistance program. The reference to used assets, then, would be assets previously used in the program rather than a used car purchased from a car dealer. Thus, the Department may mean that assets acquired after December 31, 1983 cannot be fully depreciated if they were in the Medical Assistance program at the time of purchase. If that is intended, and when read in conjunction with subitem (6), an asset previously used in the Medical Assistance program may not have its basis readjusted on resale, and allowable depreciation under subitem (5) will be limited to the historical cost in the Medical Assistance system, except as subitem (5) otherwise allows. If that is the Department's intent, or if it has some other intent, it may amend subitem (5). If it does that, the need and reasonableness of the amended rule will be considered at the time of the Chief Administrative Law Judge's final review of the rules.

9553.0060, supb. 1, item A, subitem (6).

143. Under this subitem, the historical capital cost of the capital assets and the accumulated depreciation of those capital assets must not be adjusted for either a full or partial change of ownership, reorganization of provider entities, or for any costs associated with replacing existing capital assets as a result of a casualty loss. This rule designed to avoid artificial increases in the basis of capital assets which would otherwise result when changes of ownership or reorganizations occur. The Department has determined that recognizing cost increases resulting from the sale of capital assets used in the Medical Assistance program only tends to increase costs without increasing resident benefits and actually results in the state's payment of assets more than once. This subitem is designed to implement the provisions of 42 U.S.C. § 1396a(a)(13)(B), as amended by the Deficit Reduction Act of 1984 (DeFRA). Under the statute, the State Plan for Medical Assistance must contain assurances that the per diem rates calculated by the Department will not increase solely as a result of a change in an "intermediate care facility's" ownership. To implement the statute, the Department proposes to disallow a step-up in the basis of a facility when it is sold under this subitem, and to disallow any additional interest expenses incurred as a result of such a sale under subpart 3, item E. In addition, under subitem (5), it may intend to limit the depreciation allowable to the purchaser. These restrictions on allowable costs were very controversial.

144. Mary Martin argued that ICF/MRs were not intended to be included in the DeFRA amendments to section 1396(a), and that no limitations should be imposed on the sales of ICF/MRs. Although ICF/MRs are not mentioned in the legislative history, as she noted, under 42 U.S.C. § 1396d(d), intermediate care facilities are defined to include ICF/MRs, and at this time, no official construction of the statute has been made by the responsible federal agency or

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the courts. Given the plain language of the statutory definition and the lack of any authoritative interpretation excluding ICF/MRs, the Department's decision to apply it as written is necessary and reasonable.

DeFRA was clearly intended to apply to nursing homes, and to prevent paying for the same capital assets twice. Ms. Martin argued that recognition of a step-up in basis on resale does not involve paying for the same assets twice, but merely recognizes increases in the value of assets since the time of their original construction or purchase. That argument, which could also be made in the nursing home context, is not persuasive. For purposes of the Medical Assistance program, property values are frozen and do not increase in value over time. As such, they have no increase in value over time for Medical Assistance purposes. While reasonable minds may disagree on the merits of such a result, it was not shown to be confiscatory or illegal.

As was discussed at the hearing, the Department intends to replace the property-related reimbursement provisions in this rule with a rental approach at some time in the future. Hopefully that will be done soon. As Mr. Sajevis noted, a rental approach will permit facilities to be sold at their current value in the marketplace because such sales will not affect rates -- rates will be set on the basis of values that are independent of purchase price.

Ms. Martin also requested that the Department adopt an exception permitting an adjustment to the historical capital cost of assets involved in a change of ownership resulting from the death or disability of a principal owner. Pending the implementation of a rental concept, such a provision makes sense and the Department is urged to adopt such a rule. If there is a concern that it will not be approved by the federal agency, it could be made conditional on such approval.

9553.0060, subp. 1, item B.

145. This item requires providers to use the straight line method of computing the depreciation of capital assets. Under the rule, buildings have a useful life of 35 years, physical plant improvements and additions have a useful life coextensive with the remaining useful life of the unit or 15 years, and land improvements have a useful life of 20 years. Depreciable equipment other than vehicles have a useful life of five years and vehicles are required to be depreciated over four years. Requiring a standard method of depreciation and uniform useful lives for capital assets is necessary and reasonable in order to obtain uniformity of treatment and comparability of costs among the various providers. The Department chose the straight line method because accelerated depreciation methodologies increase depreciation payments with no resident care benefits. Subitems (2) and (3) govern the calculation of the useful life of used capital assets and leasehold improvements. Those provisions are consistent with methodologies contained in subitem (1). For the reasons stated, it is concluded that the provisions of item B are necessary and reasonable and may be adopted.

9553.0060, subp. 1, item C., subitem (1).

146. Subitem (1) limits the total historical capital cost of capital assets to the per bed limitations annually established for Class A and Class B facilities. The investment per bed limitations on total historical capital costs contained in this item were designed to address the provisions of Minn.

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Stat. § 256B.501, subd. 3(b), which requires the Commissioner to promulgate rules containing provisions to limit the reimbursement of property expenses. These investment per bed limitations were first adopted in 1973 and have been consistently applied to ICF/MRs since that time. The limits initially adopted have been annually adjusted for inflation based on changes in the construction price index. Several individuals argued that the limitations proposed by the Department do not reflect the current level of investment required of new ICF/MR facilities. Although the SNR does not contain statistical data verifying the accuracy of the limitations used, the fact that the Department originally adopted figures which reflected those costs and has used them consistently for the past 12 years and updated them for changes in the construction price index gives them a sufficient degree of reliability to support the need and reasonableness of their continued use. In the absence of some concrete data establishing that the figures are inaccurate, their continued use is appropriate.

147. Mark Larson and others questioned whether the limitations apply to the allowable portion of central office property costs which are now included in the administrative operating cost category. Since central office property costs are not included in the property cost category as they have been in the past, central office capital assets not used directly by the facility are not included in this limitation. To clarify this point, the Department has proposed an amendment to item C, adding a new subitem (5) which will read as follows:

For purposes of this item, the facility's total historical capital cost of capital assets must not include the facility's allowable portion of capital assets of the central, affiliated or corporate office whose costs are allocated to the facility's administrative cost category in accordance with Part 9553.0030, subpart 4, item D.

The amendment proposed clarifies the scope of this item as requested by industry commentators and is a necessary and reasonable addition to the rules. This issue was thoroughly discussed at the hearing and does not change the substance of the original rule. Therefore, it is concluded that it is not a substantial change for purposes of Minn. Rule 1400.1100 (1985).

9553.0060, subp. 1, item C, subitems (2), (3), and (4).

148. Subitems (2), (3) and (4) contain provisions for adjusting the investment per bed limitations in the rule as they apply to particular facilities. Subitem (2) requires the investment per bed limitations to be adjusted each January 1 by the percentage change in the construction index published by the Bureau of Economic Analysis of the U.S. Department of Commerce. Under subitem (3), acquisitions required of a facility subsequent to its certification may be depreciated without regard to the investment per bed limitations if the additions, replacements, or newly acquired depreciable equipment is acquired by the facility in order to maintain compliance with the Life Safety Code or with fire safety orders of the "local agency". The provisions in subitems (2) and (3) are necessary and reasonable and may be adopted. However, the reference to "the local agency" should be clarified.

That term is not defined, and it is unclear whether the reference applies to the State Fire Marshall, a county agency, the building code division of the Department of Administration or any state or federal agency or political subdivision.

Under subitem (4), after a facility's first three full reporting years, and once every three full reporting years thereafter, its investment per bed limitation must be increased by the average of the annual percentage increases in the investment per limitation for the current reporting year and the previous three full reporting years. A full reporting year must contain at least 12 months. The adjustment made under this subitem does not apply to any original construction and investment costs. This subitem is necessary and reasonable and may be adopted. It was supported by MAHCF and is consistent with previous rules regulating the rates of ICF/MRs. David Gee suggested that it is inappropriate to use the average change over a three-year period and apply it to the three-year period rather than applying it to each individual year, however, the record does not support amending the rule in the manner he suggested.

9553.0060, subp. 1, item D.

149. This item regulates the treatment of gains and losses on the disposal of capital assets. It requires that they be included in the computation of a facility's allowable costs. Gains on the sale or abandonment of capital assets must be offset against the property related cost category to the extent that the gain resulted from depreciation expense claimed for reimbursement under the Medical Assistance program. Gains or losses on trade-ins must be reflected in the historical cost of the newly acquired capital asset. Claims for losses are limited to a total of 10¢ per resident day per reporting year. Any excess loss may be carried forward to future years. This is a necessary and reasonable provision and may be adopted. However, the Department should consider Mr. Gee's suggestion that the sale of depreciable equipment or vehicles should be treated like a trade-in if they are replaced so that facilities have the option to sell a piece of equipment rather than trading it in when that is economically advantageous to them. Treating such sales as trade-ins would permit facilities to reduce the basis of the replacement asset rather than reporting a gain.

9553.0060, subp. 1, item E.

150. Item E requires facilities to fund depreciation so that money will be available to replace depreciable assets at the end of their useful life and to make principal payments on long-term debt when those payments exceed depreciation expense. The concept of funding depreciation was first included in Rule 53T in response to concerns raised in the LAC Report regarding the financial stability of ICF/MRs. The concept is generally supported by the ICF/MR industry. Under subitem (1) a facility is required to make an annual deposit to the funded depreciation account. The amount that must be deposited is determined by subtracting the required annual principal payments on capital debt from the facility's allowable depreciation and multiplying that figure by the number one minus an equity percentage contained in subpart 5. Thus, where allowable depreciation exceeds the annual principal payments required, the difference, reduced by the facility's percentage of equity ownership, must be placed in the funded depreciation account. Although it was argued that the



formula could be changed to reduce the amounts payable to the funded depreciation account, it is concluded that the formula used by the Department is necessary and reasonable. There are a number of ways in which the amount that should be paid to the funded depreciation account could be calculated. In choosing among those alternatives the Department is not required to choose the most reasonable methodology. It is only required to select a reasonable methodology. In this case it has shown that the methodology proposed is necessary and reasonable and it may be adopted.

9553.0060, subp. 1, item E, subitems (3) and (4).

151. Subitems (3) and (4) govern the use of monies in the facility's funded depreciation account. Those monies, and any interest income earned on them, can only be used for capital debt reduction, the purchase or replacement of capital assets or the payment of capitalized repairs for the facility. However, not more than 50% of the cumulative total amount required to be deposited in the funded depreciation account and the interest income earned on those deposits may be withdrawn for purchases, replacements and repairs. If the amount in the funded depreciation account after a withdrawal is equal to or greater than the balance of capital debt remaining at the end of the prior reporting year, the excess amount may also be withdrawn for the purchase or replacement of capital assets or for the payment of capitalized repairs. James Seifert, a certified public accountant, argued that this provision is unduly restrictive. However, as the Department noted in its response to that comment, the amount of depreciation required to be funded decreases as the percentage of equity increases, and once the balance, including interest income earned, exceeds the amount of outstanding debt, the excess may be withdrawn without regard to the 50% withdrawal limitation. Therefore, the funded depreciation balance can, after debts are paid off, be withdrawn to purchase capital assets. Therefore, it is concluded that the provisions of these subitems are necessary and reasonable as proposed.

9553.0060, subp. 2, Limitations on Interest Rates.

152. With certain limitations, the effective interest rate on each allowable capital debt (except motor vehicle debt), including points, financing charges and amortization of bonds premiums or discounts, entered into after December 31, 1985, is subject to the lesser of four stated limitations. The limitations are the effective interest rate on the capital debt; a rate 1.5 percentage points above the posted yield for certain conventional fixed-rate mortgages; a rate 3 percentage points above the prime rate determined on a monthly basis; or 16%. Limitations on the maximum interest rate allowable are necessary and reasonable. They are consistent with the provisions of Minn. Stat. § 256B.501, subd. 3, and implement the recommendations contained in the LAC Report. A maximum interest rate limitation of 16% is necessary and reasonable. However, it does not effectively encourage efficient and economical operation when interest rates are below that amount. Consequently, other limitations are necessary as the Department has proposed. The Department's SNR adequately justifies the need and reasonableness of the other alternatives that should be applied and they may be adopted.

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9553.0060, subp. 3, Allowable Interest Expense.

153. The provisions of this subpart were shown to be necessary and reasonable, as amended, and the technical amendments made to it do not constitute substantial changes for purposes of Minn. Rule 1400.1100 (1985). Several persons question the limited ability of owners to sell their facilities and change interest expenses. They suggested that the Department address that issue in future rules. Mr. Gee noted, for example, that the limitations in the rule do not address a provider's ability to get out of the business or to sell his business if one of the members of the corporation dies; and Mr. Hargis noted that some provisions should be included in the rule for bona fide sales. It was suggested that the interest rate limitations on the sale of facilities could be resolved if the Department went to a different kind of reimbursement system whereby the property costs are reimbursed in the form of a rental. These issues have been discussed before. The Department is working on a rental concept at this time but has been unable to implement a rental concept for ICF/MRs as it has done for nursing homes because of a lack of funds to undertake the necessary studies and employ the necessary technical help. Industry representatives frequently criticized the Department's failure to implement a rental system and suggested that the Administrative Law Judge order the Agency to do so. Such an order is outside the scope of the authority of the Administrative Law Judge, who, by statute, is limited to evaluating the reasonableness of the concepts and systems proposed by the Agency.

9553.0060, subp. 3, item C.

154. Under this item, restricted funds must be used (exhausted) to purchase or replace capital assets before a loan may be made for such purchases. For purposes of this item, a restricted fund is one whose use is restricted to the purchase or replacement of capital assets. Kathleen Pine objected to this rule because a donor may restrict funds to a purpose other than the purchase or replacement of capital assets. However, this rule does not apply to funds unless they are restricted to the purposes mentioned. It does not apply to funds that are restricted to other purposes. Therefore, this part is necessary and reasonable as proposed.

9553.0060, subp. 3, item G.

155. In response to Mr. Gee's suggestion the Department proposes to amend item G, subitem (3), unit (b) to exclude the costs of refinancing balloon payments, such as points, origination fees, or title searches. That rule, as amended, is necessary and reasonable and the amendment made does not constitute a substantial change for purposes of Minn. Rule 1400.1100.

9553.0060, subp. 3, item H.

156. In addition, the Department proposed an amendment to this item. As originally proposed, it provided that the cost of land purchased prior to January 1, 1984 must be limited to the laws and rules in effect on December 31, 1983. As amended, this provision would limit the cost of land purchased prior to January 1, 1984 to \$1,000 per licensed bed. This amendment was criticized by Kathleen Pine on the grounds that the limitation in effect on December 31, 1983 was not \$1,000 unless other limitations were exceeded. That